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Viewing cable 09MEXICO2701, MEXICO: CALDERON MEETS PRI RESISTANCE ON

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables (<u>browse by origin</u> to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this <u>WikiSource</u> article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at theparagraph symbol). Please mark messages for social networking services like Twitter with the hash tags #cablegate and a hash containing the reference ID e.g. #09MEXICO2701.

Reference IDCreatedReleasedClassificationOrigin09MEXICO27012009-09-15 13:212011-08-30 01:44CONFIDENTIALEmbassy MexicoAppears in these articles:

http://wikileaks.jornada.com.mx/notas/eu-sospechaba-que-chavez-chavez-ayudo-a-narcos-en-chihuahua

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RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS
RHMFISS/DEPT OF JUSTICE WASHINGTON DC
RUEHC/DEPT OF LABOR WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
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C O N F I D E N T I A L SECTION 01 OF 03 MEXICO 002701

SIPDIS

NSC FOR SENIOR DIRECTOR RESTREPO; DEPARTMENT FOR WHA DAS JACOBSON, MEX DIRECTOR LEE AND INR HOHMAN.

E.O. 12958: DECL: 09/08/2019

TAGS: ECIN ECON EINT EPET MX PGOV PINR PREL
SUBJECT: MEXICO: CALDERON MEETS PRI RESISTANCE ON
CONTROVERSIAL CABINET CHANGES

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Classified By: Political Minister Counselor Gustavo Delgado. Reason: 1.4 (b),(d).

11. (c) Summary: Following up his bold state of the Union message ref A), President Calderon announced several expected Cabinet changes, eliminated a number of government secretariats, and recommended a series of economic measures that presaged an imminent tough battle on the budget (septel). While much of this appears to have been discussed at some level with the opposition, the politically strengthened Institutional Revolutionary Party (PRI) has come out strongly against a two-percent anti-poverty tax and joined a choir of objections against an unexpected nominee to replace the attorney general. This cable provides some political context on the naming and confirmation process and initial bio information on the nominees for attorney general, the director of the state oil holding company PEMEX and Minister of Agriculture. Additional detailed information on the three nominees is provided in septels. End Summary.

Controversial Nominee for Attorney General

12. (c) In a long-anticipated change, Calderon replaced Eduardo Medina Mora in the key attorney general post, naming Arturo Chavez Chavez, a dark horse on the list of names that had been floated in political circles for some time (ref a). While Chavez has the prosecutorial experience -- he served as Chihuahua's Attorney General from 1996-1998, and the PAN credentials -- he was a loyal deputy of Government Minister Carlos Abascal during the Fox years, his choice was totally unexpected and politically inexplicable. Chavez has strong detractors within the Mexican human rights community because of his perceived failings in dealing with the murder of a large number of women in Ciudad Juarez, at a time when he was ratcheting up the fight against drug cartels. The killings gained international attention and leading human rights organizations at home and abroad charged Chavez with failing to energetically pursue the cases and even claimed that he had covered up evidence. Our sources in the EU office in Mexico echoed charges of insensitivity, noting that Chavez

had scant communication with the human rights community when the Fox administration pushed through a national human rights strategy. On the other hand PAN insiders have characterized him as extremely loyal, noting his prosecutorial success against the cartels in the difficult environment of Chihuahua and his reputation as a "decent" and "loyal" technocrat.

13. (c) While Calderon may have floated Chavez Chavez's name with the opposition, it is unlikely the President received any significant promise of support. The press criticized the appointment, human rights groups raised an immediate objection, and a variety of political figures and commentators, even well-known supporters of the government, voiced objections. Political insiders told us that the PRI reportedly rejected Calderon's two top picks (the frontrunners were Jose Francisco Blake Mora, Secretary of Government for Baja California State, and Juan Miguel Alcantara, Medina Mora's deputy) and were offended by the brusque way in which they were consulted. Two theories for why Chavez had made the cut circulated in PAN circles: one was that Calderon, upset with the PRI's rejection of his initial choices, had decided to push a loyal and experienced PAN foot soldier. Gaining more traction with each passing day are reports that Calderon might have put Chavez forward as a challenge to the PRI. If the opposition blocks Chavez in the Senate, Calderon would withdraw his name and resubmit Blake or Alcantara. Proponents of this version argue that the PRI would be hard-pressed to block a second nominee for such an important post. Until the issue is decided, Alcantara will serve as acting Attorney General.

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Changed Power Equation in the Senate

 $\underline{\ }$ 4. (c) Whatever the back story, Chavez will likely face a tough battle for confirmation in the Senate. While the PAN's plurality in the Senate is unaffected by the Congressional elections in July, the shift in the power balance resulting from the PRI's unexpected sweep and ascendancy in the Chamber of Deputies, alters the political terrain in the upper house as well. PRI strong man Manlio Fabio Beltrones will be the key player in the Senate and will likely use his increased room for maneuver to take advantage of Chavez' weak political support in the key back room negotiations that will determine when or if the nominee gets on the Senate calendar. As of yet, there is no indication of when the confirmation proceedings might happen or if Chavez has the votes he will need to get the simple majority support he needs. PRI and PRD representatives have already stated publicly that they will not give Chavez a "blank check." While there is no time limit for Senate confirmation, PRD Senator Torres noted that the process was not open ended and that it would be difficult for the opposition to block the appointment of such a key member of the security cabinet. PRI Party leader Beatriz Paredes told the Ambassador that unless something scandalous is uncovered in the hearings, Chavez would be badgered and bloodied, but eventually approved.

New PEMEX Director a Sign of Changes to Come?

15. (c) Calderon tapped Juan Suarez Coppel to be PEMEX's new chief executive, replacing Jesus Reyes-Heroles. Suarez has been roundly criticized for his missteps during an earlier tenure as head of PEMEX's finances, with some critics accusing him of having left the company in disarray. More recently, he has come under the gun for similar mismanagement of a private investment fund. Although a member of the PRI like the outgoing Director, Suarez does not have the same ties to the conservative and nationalistic wing of the PRI, which some interpret as boding well for reform and a future opening of the energy sector. Like Secretary of Energy

(SENER) Kessel, Suarez has a background in economics, as well as a Master's degree from the University of Chicago. The relationship between SENER and PEMEX could also improve due to this change in leadership, given the fact that Secretary Kessel and Reyes-Heroles disliked each other personally and did not see eye to eye on the reform agenda. Suarez is reportedly a long-standing business opponent of Mexican billionaire and oligarch Carlos Slim, owner of the telecoms monopolies Telmex and Telcel. Suarez does not need Senate confirmation, but must be approved by the Council of Administration, a cabinet-level body comprised of the Secretary of Energy, Secretaries of the Economic-Related Ministries, the Secretary of Social Development, and representatives of the energy sector and the PEMEX union.

Back to the Future at Agriculture

16. (c) Calderon named Franciso Javier Mayorga to replace Agriculture Secretary Alberto Cardenas. During his tenure, Cardenas had come under much criticism from small farmers and was reportedly unpopular with his own staff (ref c). Mayorga, a former Agricultural Secretary from 2005-2006 under President Fox, is a welcome change. He is a strong supporter of NAFTA, has broad experience in the field apart from his former Ministry position, and previously worked well with the Embassy. (See ref b for a more detailed description of Mayorga's priorities.)

Streamlining Government?

 \P 7. (c) In a bid to respond to charges, particularly from the MEXICO 00002701 003.2 OF 003

PRI, that his administration has bloated the government bureaucracy, President Calderon also proposed dissolving three existing government Secretariats: Agrarian Reform, Tourism, and Public Function (tasked with "reinventing government"). Calderon has announced he will transfer the Tourism Secretariat to the Secretariat of Economy, the Secretariat of Agrarian Reform to the Secretariat of Social Development, and will replace the Secretariat of Internal Affairs with a Federal Comptrollers' Office, directly under the supervision of the Office of the Presidency. By eliminating these Secretariats and taking further austerity measures Calderon hopes to cut approximately USD 13.9 billion in expenditures (septel on details and analysis). Calderon intends to put these savings towards housing projects, food assistance, public health care, and day care centers for impoverished Mexicans. Members of the opposition have voiced skepticism, calling into question the projected savings and warning of objections by rural sectors to the proposed shift of the Agrarian Reform program.

More Changes to Come...

18. (c) Calderon is likely not finished with making changes to his cabinet. His Secretary of the Economy, Ruiz Mateos, has come in for much criticism by the business sector, but has survived up to now because of his close personal friendship with President Calderon. At the very least, Calderon will, by the end of the year, need to identify replacements for the President of the Bank of Mexico and two Supreme Court judges, all of whose terms end in the coming months. In each instance, he will need Senate approval for his nominations. Separately, the President of the National Human Rights Commission's (CNDH) term ends in October. The Senate's Human Rights Commission will present a list of three candidates for the Senate to consider. Pundits have long speculated Calderon could look to tap Finance Minister Carstens to take over as the Bank of Mexico President. In the end Calderon will need

to negotiate these important appointments with an opposition sure to have competing priorities.

Comment

19. (c) Calderon's cabinet changes and proposed cuts in the government bureaucracy have scored mixed reviews both within political circles and the general public. His new Agricultural Minister enters the job with valuable experience and benefits from his predecessor's relative unpopularity. The new PEMEX director will have to overcome charges of past financial mismanagement if he is to realize potential hopes that he could help bridge PRI and PAN differences in tackling Mexico's energy challenges. Calderon's nominee for Attorney General will have an even tougher time gaining the consensus support common for a high level Presidential appointment; he faces a bruising confirmation battle if he even makes it onto the Senate calendar. Chavez finds himself politically isolated and fending off sharp criticism of his human rights record. Political negotiations between the ruling party and an emboldened opposition will ultimately determine how the nominees fare and what they will be able to accomplish if or when they assume their duties. Visit Mexico City's Classified Web Site at http://www.state.sgov.gov/p/wha/mexicocity and the North American Partnership Blog at http://www.intelink.gov/communities/state/nap/

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